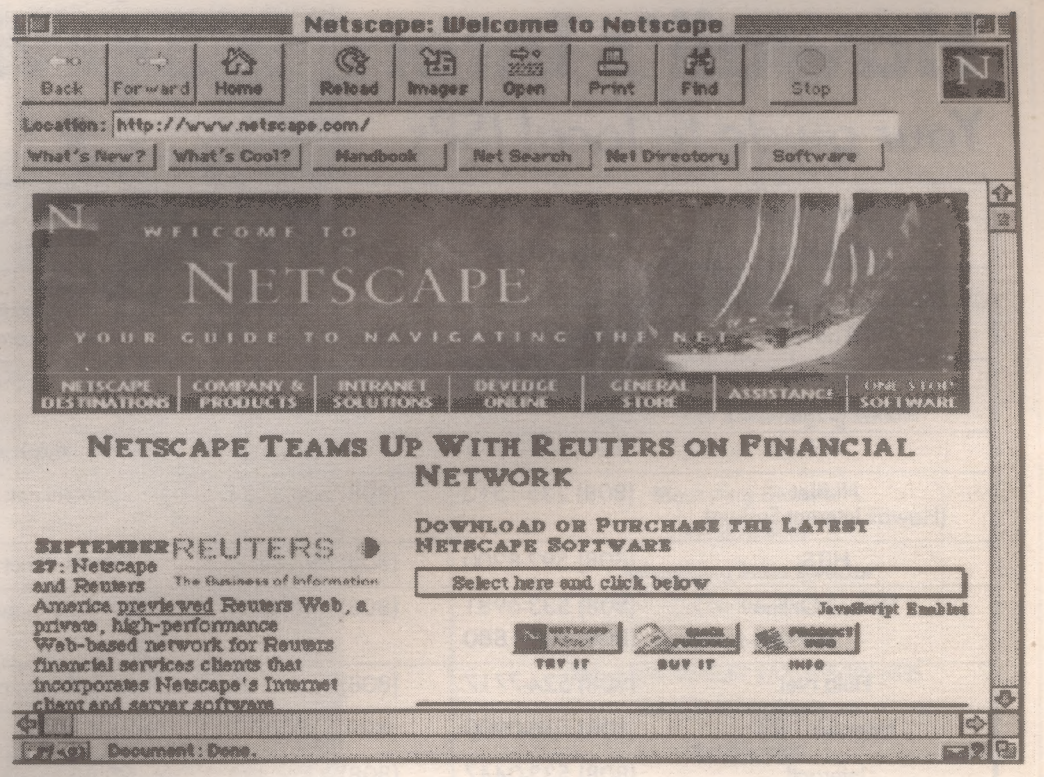
The Browser Wars

Strategies of Microsoft vs. Netscape

by Kevin M. Savetz



Netscape Navigator is currently the most popular browser to date, with Internet Explorer not far behind.

If you are one of the millions of people surfing the Internet, chances are good that the program you're using to do it is Netscape Navigator. If it is, you are in good company: an estimated 81 percent of users on the World Wide Web, the graphical portion of the Internet, use Navigator. And it's no wonder, Netscape Navigator does for the Web what peanut butter does for celery: takes something that's good on its own, and adds a new level of excitement and purpose.

Until recently, there were no other browsers to speak of. Sure, others existed, but thanks to clever programmers and an aggressive marketing strategy, no other browser came close to the features available with Netscape.

The program that started the Web phenomenon is called NCSA Mosaic. Mosaic was the first Web browser available to Internet users. Using it, they could for the first time, access the Internet with a sleek, graphics-laden, point-and-click interface. Mosaic was an incredible improvement over the Internet's then-standard, text-only interface. Created at the National Center for Supercomputing Applications (NCSA), located at the University of Illinois at Urbana-Champaign, Mosaic single-handedly changed the face of the Internet. For many months, it reigned supreme.

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Internet users loved Mosaic for its unprecedented ease-of-use. Individuals and organizations that wanted to publish information online loved the power of the Web. But after the initial shock and wonder wore off, everyone wanted more features. What about color text instead of ubiquitous dreary black? How about better graphics support, and the ability to tile our company logo in the background of our Web page?

"Fine," said the pleased makers of Mosaic, "We'll throw around some ideas, write a proposal and submit it to the Internet standards board. After all, there are certain ways you should go about these things. Changes must be considered carefully." "But we want it now!" cried the ever-growing Web-using community.

Enter Netscape Communications, a start up company based in Mountain View, California. The folks at Netscape also saw the power of the Web, and they knew they could build a better browser. They created Netscape Navigator and gave users the added tools that they wanted. Without consulting anyone else, they added features to the Web, including many of the goodies requested by users. Navigator was an instant hit. Users immediately began using the features unique to Navigator. Mosaic would be left in the dust by Netscape's unprecedented use of unofficial additions to the language of the Web.

It may have been easy to trounce on the work of a bunch of graduate students at NCSA, but today Netscape has bigger problems. The company is now locked in a battle with software behemoth Microsoft. Bill Gates has deemed the Internet a central component of Microsoft's strategy, and has taken it upon himself to take the wind out of Netscape's sails. Now Netscape is fighting the fight of its short life. The stake is the lead position in a market that may be the key to a new generation of communications technology.

Microsoft's browser, Internet Explorer, is, like Navigator, an impressive piece of software. It builds on the features of Mosaic and Navigator and offers its own features unavailable elsewhere. Microsoft gives its browser away for free; Navigator is also available online for free, but a version with a manual and technical support is also available in computer stores for about $50.

Microsoft also gives away its Web server software — a program for publishing information on the Web — much to Netscape's dismay, which had been selling its own server software for as much as $5,000. Netscape has since dropped the prices of its servers (the low-end version was reduced from $1,295 to $295; the high-end version was slashed from $4,995 to $990); although, it has not resolved to give its product away, too. Netscape knows it can't beat Bill Gates at his own game, so it intends to fight back by providing what it believes are better products, ones that are worth actually paying for.

In the last quarter of 1995, about 50 percent of Netscape's revenue came from server software, 30 percent came from browsers and 20 percent from services. In other words, Microsoft directly threatened 80 percent of Netscape's income. In 1995, Netscape turned its first quarterly profit in July-September, earning $1.4 million, increasing that to $2.4 million from October-December.

Adding to Netscape's injury, Microsoft began making deals with commercial online services (through which most Internet users get their access) to supply Explorer to their users, undercutting Netscape's efforts to do the same. Just one day after Netscape announced an agreement to provide its software to America Online, the country's largest online service, Microsoft announced a coup in an even better deal with AOL. Microsoft's browser would become the default for AOL users. Netscape's would be an option for users who ask for it. As payment, Microsoft will give AOL built-in access from the Window's 95 operating system, a potential audience of 20 million people.

AOL and Microsoft make strange bedfellows, since Microsoft runs its own online service, the Microsoft Network, which, with one million members, is malignant competition for America Online. AOL's attitude seems nonchalant: "In our view, everybody is a potential partner-until they shoot at us," AOL CEO Steve Case said.

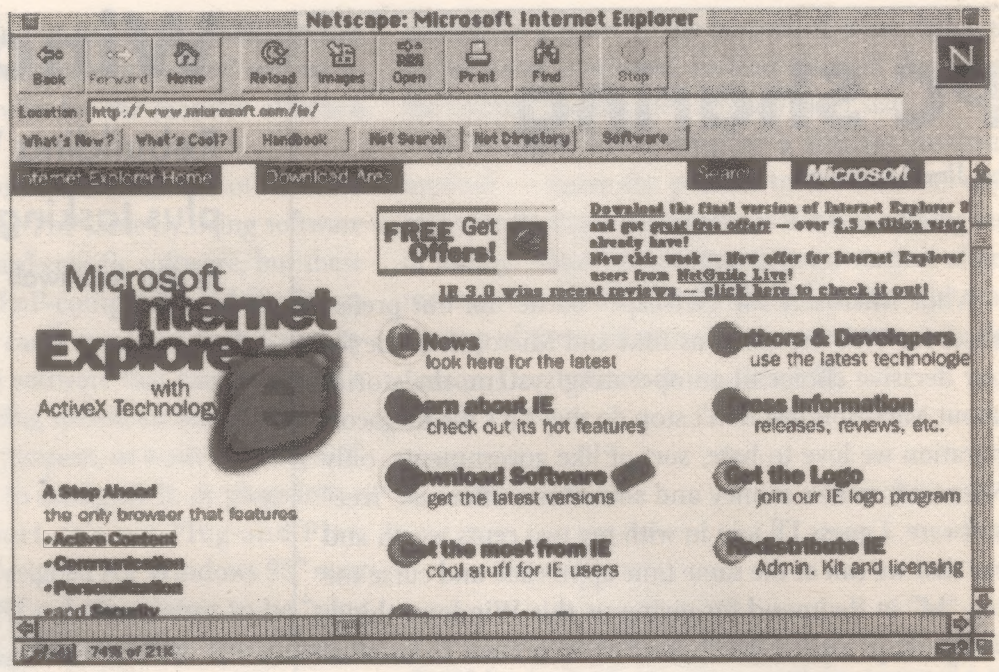
In the end, "strategic alliance" is the name of the

game. It doesn't necessarily matter which browser is better. Most Internet users will use the browser that is handed to them. Netscape has forged alliances with Internet providers PSI, AT&T and Netcom, which should increase Navigator's user base by 10 million to 20 million people. Despite Microsoft's advances, Netscape still holds a firm lead in the browser market. About 15 million people use Navigator, opposed to an estimated 1.3 million who use Explorer.

Microsoft denies it is trying to oust Netscape from the browser market, but the company has made it clear that it doesn't like to play second fiddle, either. As Bill Gates said, "Majority browser share is certainly our goal."

When it suits the company, Microsoft even works in reluctant cooperation with Netscape. Netscape has been working for many months with Sun Microsystems to develop Java, a programming language that is bringing more interactivity to Web pages. Microsoft considered creating its own Web language as competition for Java, but apparently decided it wasn't worth the trouble. So Microsoft bought a license to utilize Java in Explorer.

End users both win and lose due to the browser wars. Internet users can choose between two excellent browsers and Net publishers have more options for inexpensive Web servers. Web pages look more interesting and dramatic than ever before, replete with tables of data, on-screen "frames" for organizing information and other multimedia delights. The Web has never been so interesting to use, nor has it ever been so difficult to create Web pages. As both companies add features, the programing language of the Web, once simple and straightforward, is becoming increasingly ungainly and awkward. Without centralized agreement about how the Web should work (the sort of careful strategy that NCSA tried to provide), it is becoming more difficult to use the Web. The same strategy that Netscape used to trounce Mosaic, Microsoft is using against Netscape.



Microsoft's Internet Explorer closes in on Netscape Navigator with the release of IE 3.0.

The online industry is comprised of three facets: content, software and Internet access. Netscape, Microsoft, America Online, CompuServe and every other company in the field must focus on the areas they know best. Netscape has clearly sided itself in the software category, virtually ignoring the other two areas. This single-mindedness could make the company stronger. On the other hand, Microsoft is working in all three areas. They provide Internet access and content through the Microsoft Network, as well as Web browser and server software. Microsoft's sheer size may give it the ability to work in those three areas simultaneously, but it can be difficult even for a firm of Microsoft's size to remain focused on so many lofty goals at once.

Microsoft's long-term strategy is to incorporate the Internet into almost all the software the company releases. It wants information to flow seamlessly between its products and the Internet. Already, the company is planning to sell a $50 add-on package for Windows 95 that will extend its Internet capabilities and add new multimedia tools. Microsoft has demonstrated the next version of its Explorer browser which it says will seamlessly combine its Windows 95 operating system with the Web. Its Word and Excel software will include features to allow users to collaborate and share information over the network.

Whether their plan will work remains to be seen. It depends heavily on the validity of its hypothesis, its leap of faith, that users want to see a mergence of the best features of the Internet and of the offline world, rather than the current system, which clearly defines the purpose of the offline and online realms. These features could make it easier to work with our computers, or they may just end up as annoying gimmicks. This time, the Internet community doesn't seem to be crying "We want it now!" but Microsoft has been known to give people what they want *before* they knew they wanted it.

Keeping with its penchant for steadfast single-mindedness, Netscape is plugging along in its software realm. In the end, it's anyone's game. Microsoft may take the Internet by storm from all sides or Netscape's freight train approach could ultimately roll over Microsoft's relatively unfocused Internet strategy.

One thing is certain: the Web will never be the same.

© Kevin M. Savetz. All rights reserved. Kevin Savetz is a freelance writer and Internet guru. He is author of **Your Internet Consultant - The FAQs of Life Online, MBONE: Multicasting Tommorrow's Internet** *and has been published in* **Web Week, Mac Home Journal** *and* **Internet World.**

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